

Theoretical and Legal Bases of the Organization of Bank Guarantee Relations in Commercial Banks

Elboyev Bobur Botirovich

Assistant of the Department of "Bank accounting and audit" Tashkent Institute of Finance

Abstract: In this article, Bank guarantees are one of the most widely discussed issues by economists and lawyers. While economists think about the importance and types of bank guarantees in the formation of payment guarantees, reduction of receivables and payables, commission income, sales of goods, services, lending and other economic relations, lawyers focus on the guarantee of obligations, contractual relations, civil and business law approach. Both approaches imply the need to study bank guarantees. A guarantee is to give something as security. A bank guarantee is a guarantee and surety issued by a bank on behalf of its customers for various business obligations within the framework of certain regulatory documents. Commercial banks provide a bank guarantee that promises to reimburse the customer in the event of default.

Keywords: Guarantor, Principle, Bank Guarantees, Financial Guarantees, Liquidity, Beneficiary, Principal Lender, Lending, Opening Letters of Credit.

Introduction.

The banking and financial system plays an important role in ensuring the sustainable growth of the country's economy in the development of the world economy. Today, the increase in the share of bank deposits in manufacturing and services in developed countries leads to an increase in GDP. This is due to the fact that in the leading countries of the world banking system, the accounting of bank assets is based on international financial reporting standards.

The quality and liquidity of the assets of commercial banks play an important role in ensuring the sustainable development of the Uzbek economy. Ensuring the quality, profitability and liquidity of bank assets depends in many respects on the need to organize and improve asset operations, customer service and accounting in commercial banks, the characteristics of bank guarantee accounts and the need for scientific research and their implementation.

Bank guarantee is a very new credit instrument in the modern economic system. At present, the bank guarantee is a tool that allows you to effectively address various issues arising in the economic activities of these enterprises.

Materials and Methods.

Adoption of the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 "On additional measures for the transition to International Financial Reporting Standards" provides for scientific research in the field of accounting, including together, banks must maintain IFRS accounting from January 1, 2021, and prepare financial statements from IFRS by the end of 2021, which requires accounting for banking operations, assets, including bank guarantees, in accordance with IFRS.

In this case, it is important to keep records of guarantees issued by commercial banks and to organize financial reporting in accordance with international standards. The implementation of international financial reporting standards will help solve a number of problems. The need for a scientific solution to the above information determines the topic of the dissertation and the

direction of research.

The application of internationally recognized international standards in the banking system and the harmonization of financial reporting with international norms and criteria will allow commercial banks to provide objective and transparent information to consumers of external information. Prompt and high-quality provision of guarantees to customers by commercial banks, the correct reflection of guarantees in the accounting records will increase the confidence of bank customers in the bank, increase payment turnover.

The issuance of bank guarantees also follows the procedure established by the credit policy of commercial banks. The main internal normative document of the bank, which contains the directions, methods and approaches adopted by the bank in the credit policy, as well as for the issuance of bank guarantees and effective management of credit risks and bank guarantee portfolio, explaining the basic principles of the bank's guarantee market is. The Management Board of the Bank considers issues on the guarantee of 10% to 15% of the capital of the first-tier bank. Considers issues on the total credit risk (guarantee) of 15% and more of the capital of the first-tier bank before its submission to the Board of the Bank.

Under certain guarantees, the Credit Committee may set a lower interest rate as an exception to the minimum interest rate approved by the Bank's Management Board.

Reviews and approves internal regulations on the implementation of warranty services within its competence.

Branches that cover "bad" assets from off-balance sheet reserves and keep them in off-balance sheet accounts shall make final decisions on decisions made by the Credit Commissions and the Bank Credit Committee and shall notify the Board within three days.

Discusses the status of collateral in the Bank at its meetings and gives relevant instructions and assignments. The responsible Deputy Chairmen of the Management Board, relevant departments and divisions of the Bank are responsible for overseeing the implementation of the Credit Policy, development of internal lending regulations, their implementation and consideration of credit issues.

The Bank Council shall consider issues related to the provision of guarantee services to persons related to the bank; considers the total credit risk (guarantee) of 15% of the capital of the first-tier bank and above; considers issues on write-off of "bad" guarantees on off-balance sheet accounts; Approves the annual credit policy developed by the Bank's Management Board.

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Considers other issues related to lending that are not within the competence of the Bank's Management Board.

The Bank's Board is responsible for adopting and supervising credit risk strategies.

Bank guarantees are offered in national and foreign currencies.

Banks provide the following types of guarantees: payment guarantee, contract fulfillment guarantee, loan repayment guarantee, tender guarantee for participation in tenders, advance payment guarantee, customs payment guarantee and guarantees for other purposes that do not contradict the law.

Bank guarantees provided by commercial banks are implemented in uncovered and covered form. Uncovered bank guarantee - a bank guarantee issued without reimbursement of the client's (principal) funds. Such guarantees are provided upon receipt of collateral. The type of collateral is accepted according to the types of collateral provided by the bank's credit policy. A covered bank guarantee is a bank guarantee issued with the provision of cash. These types of guarantees

affect the cost of a bank guarantee primarily through the method of securing the customer's obligations to the guarantor bank.

That is, the cost of a bank guarantee covered by cash is cheaper than unpaid. In the analysis of the creditworthiness of the principal in the issuance of bank guarantees in foreign currency, the main focus should be on currency risk, ie the availability of foreign exchange coverage and foreign exchange earnings.

Table 1. Procedure for termination of the guarantor's obligation to the guarantor to the beneficiary

The obligation of the guarantor to the beneficiary under the guarantee shall be terminated in the following cases		
1	payment of the guaranteed amount to the beneficiary	✓
2	expiration of the warranty period	✓
3	as a result of the beneficiary's waiver of his rights under the guarantee and his return to the guarantor	✓
4	as a result of the beneficiary's waiver of his rights under the guarantee by submitting a written application to release the guarantor from his obligations	✓

The termination of the guarantor's obligation shall not depend on whether the guarantee has been returned to him or not.

The guarantor who notifies the guarantor of the void of the warranty shall immediately notify the principal thereof.

The right of the guarantor to demand from the principal to pay the amounts paid to the beneficiary under the guarantee in recourse shall be determined by the guarantor's agreement with the guarantor on the performance in principle.

Unless otherwise provided in the agreement of the guarantor with the principal, the guarantor shall not have the right to demand from the principal to reimburse the beneficiary in amounts inconsistent with the terms of the guarantee or for breach of the guarantor's obligation to the beneficiary.

At present, the bank guarantee account is established in accordance with the Regulation of the Central Bank of the Republic of Uzbekistan dated May 15, 2012 No. 2364 "On the procedure for issuing bank guarantees by commercial banks" and other regulations of the Central Bank.

Normative documents that are the basis for keeping records of guarantees issued in commercial banks	Regulation of the Central Bank of the Republic of Uzbekistan No. 2364 of May 15, 2012 "On the procedure for issuing bank guarantees by commercial banks"
	Regulation of the Central Bank of the Republic of Uzbekistan No. 2696 of July 14, 2015 "On the classification of asset quality by commercial banks, the organization of reserves against possible losses and their use"
	Regulation of the Central Bank of the Republic of Uzbekistan No. 1306 of January 30, 2004 "On accrual of interest in commercial banks"
	Chart of accounts in commercial banks of the Republic of Uzbekistan 773-17 and other normative documents

Figure 1. Normative documents that are the basis for keeping records of guarantees issued in commercial banks

As can be seen from Figure 1, the guarantee account issued by the bank is organized in accordance with the Regulation of the Central Bank of the Republic of Uzbekistan dated May 15, 2012 No. 2364 "On the procedure for issuing bank guarantees by commercial banks" and other regulations of the Central Bank.

Guarantee accounts and off-balance sheet accounts are used to account for bank guarantees.

Registered with the Ministry of Justice of the Republic of Uzbekistan on August 13, 2004 No. 773-17 for accounting of guarantees in commercial banks, approved by the Resolution of the Board of the Central Bank of the Republic of Uzbekistan dated July 17, 2004 № 578. The accounts given in the "Chart of Accounts in commercial banks of the Republic" are used. It is also carried out on the basis of regulatory documents issued by the Central Bank of the Republic of Uzbekistan on accounting of banking operations.

The following off-balance sheet accounts are used to account for guarantees issued in national and foreign currencies:

90993 Warranties and Warranties

96337 Counter-account on warranties and guarantees

90993 Guarantees and sureties account is used to record the nominal value of guarantees and sureties issued or approved by the bank in favor of customers, as well as promissory notes issued by the bank to other issuers (avalirovannyx bankom). For this account 96337 - "Counter-account on guarantees and sureties" is a counter-account.

During the reporting year, a number of measures were taken to ensure the uninterrupted and stable operation of the banking and financial system, financial support of enterprises in the real sector of the economy, especially small business and private entrepreneurship.

Conclusion.

We have studied the essence of the guarantees provided by commercial banks in the Republic of Uzbekistan, its importance, the theoretical and legal basis for the organization of accounting and formed the following conclusions.

A bank guarantee is a banking operation that guarantees payment, fulfills an obligation, and establishes a credit relationship, expressing the bank's obligation to the beneficiary in accordance with the instructions of the principal.

A bank guarantee has a number of competitive advantages over other financial instruments in principle, with similar functions for the guarantor and the beneficiary.

Banks provide payment guarantees, guarantee of fulfillment of contract terms, loan repayment guarantee, tender guarantee for participation in tenders, guarantee of advance payment, guarantee of customs payments and guarantees for other purposes that do not contradict the law.

The process of accounting for guarantees issued by commercial banks can be divided into several stages:

1. Account of the process carried out before the issuance of a bank guarantee.
2. Account of the bank guarantee process.
3. Account of the bank guarantee refund process.
4. Calculation of the problem warranty return process.

Guarantee accounts and off-balance sheet accounts are used to account for bank guarantees.

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